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A PUBLICATION FROM THE BONNEVILLE POWER ADMINISTRATION

# Journal

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Sen. Mark Hatfield (seated) signed the bylaws of the [Bonneville Environmental Foundation](#) at a ceremony in Portland. Standing from left are Jeff Shields from Emerald PUD, Karen Garrison from NRDC, Sarah Patton from NWEA, Rachel Shimshak from RNW and BPA's Jack Robertson.

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## **BPA revises subscription schedule**

Public comment in the Issues '98 process, which concluded on June 26, made it clear that the region needs some additional time to address the key subscription strategy issues. The issues are complex and challenging and will help define how BPA will market cost-based power to Northwest customers. The issues include the amount of sales to residential and small farm exchange loads, the amount of power available at BPA's lowest cost-based rate and stranded cost recovery. BPA wants to be responsive to the region's needs, but at the same time, feels compelled to sell power relatively soon to meet the needs of customers who are pressing to get their post-2001 supplies pinned down. The revised schedule, designed to balance both needs, is as follows:

- Aug. 1: Customers and other parties in the region will conclude their work to find consensus solutions to the remaining subscription issues.
- Aug. 1: The BPA administrator will make a decision on the proposed Residential Exchange settlement agreement between BPA and Portland General Electric. This agreement addresses the exchange through FY 2001. The one-month delay in the decision was made to facilitate resolution of issues that surfaced in the public comment period. Should the broad regional consensus described above be developed by Aug. 1, BPA would consider this consensus in reaching a final decision on the PGE Residential Exchange settlement.
- Late August: BPA will release a proposal for a subscription process under which BPA will offer power sales contracts covering the five-year period of fiscal years 2002 – 2006. The proposal will address the key subscription strategy issues and related matters such as general transfer agreements and the slice proposal. It would also provide information on proposed products and services. There will be a 30-day public comment period.
- Sept. 1: The Northwest congressional delegation requested that the Administration have a proposal on a fish and wildlife funding agreement for the 2002-2006 period by this date. BPA has been working with other federal agencies as well as states, tribes, customers and constituents for several months to facilitate regional consensus and will continue an intensive schedule on this issue.
- Oct. 1: BPA will publish a Record of Decision on key issues related to subscription and will begin the subscription process. This will involve bilateral negotiations with individual customers over contract terms for power purchases for the 2002-2006 period. Customers may make longer term purchases, but rates will only be set for the five-year period.
- January 1999: The Power Business Line will begin the rate case to establish cost-based rates by publishing an initial rate case proposal that lays out the business line's anticipated costs and revenue requirements for the 2002-2006 period. The rate case will run 90 days. Technical work to prepare for the rate case has already begun.

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## Environmental Foundation is launched

On June 26, the Northwest Energy Coalition, the Renewable Northwest Project, the National Resource Defense Council launched the Bonneville Environmental Foundation at a ceremony in Portland. The foundation is a nonprofit organization devoted to improving the environment in the Northwest. NWECC, RNW and NRDC have agreed to endorse select, environmentally preferred resources. BPA plans to market the power from these resources to purchasers who agree to pay an environmental premium. The premium is an amount above BPA's basic cost of power. A portion of this premium will help support the foundation. Funds to support the foundation's activities may also come from individuals, corporations, utilities, public and private institutions, tribes and others. The money raised will complement funds already available from governmental and other sources.

Hatfield serves as president of the board of directors. Other board members are Lorri Bodi from American Rivers; Ralph Cavanaugh from the Natural Resources Defense Council; Donald Sampson from the Columbia River Inter-Tribal Fish Commission; Rachel Shimshak from the Renewable Northwest Project; Brett Wilcox from Northwest Aluminum; Aldo Benedetti, an energy consultant; and Don Frisbee, retired vice president from PacifiCorp. The board will hold its first meeting on Sept. 10.

[Emerald People's Utility District](#), located near Eugene, Ore., has expressed its intent to make the first purchase of power from resources endorsed by the environmental groups. Those resources are the Packwood Lake Hydroelectric Project and the Idaho Falls Hydroelectric Project. About 20 average megawatts are currently available. Power from new wind and geothermal projects will also go into the resource pool.

Projects receiving funding from the foundation are to be consistent with BPA's mission, its trust responsibilities with the Northwest tribes and the Northwest Power Planning Council's fish and wildlife plan. Legal issues and other details of the agreement are still being worked out.

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## BPA releases White Book

BPA has released its 1997 Pacific Northwest Loads and Resources Study, commonly known as the White Book. The study was completed in December 1997 and reflects information available at that time. The study does not include changes in operations called for in the 1998 supplement to the 1995 Biological Opinion or the contracts for post-2001 power that BPA signed in the first part of 1998.

The 1997 White Book shows BPA in surplus throughout the 10-year planning period (1998-2008). Under the 1981 power sales contracts, BPA uses the information in the White Book for determining the notice required when customers request to increase or decrease their contracted power purchases from BPA.

BPA's resources in the post-2001 period are of the most interest to customers in BPA's subscription process. Subscription is the process by which BPA will sell over 6,000 average megawatts of cost-based federal power in the 2001-2006 period. In the post-2001 period, 1997 White Book surpluses range from 350 aMW in 2002 to 704 aMW in 2008. Since BPA's rates are currently projected to be at or below market in that time period, BPA has also projected that demand for our cost-based power could exceed

the supply. Copies of the White Book are available by calling the document request line listed on the back page.

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### **Transition Board to adopt proposals**

The [Transition Board](#) expects to finalize and adopt two "Strawman" proposals on July 23. The proposals will then be sent to the four Northwest governors. The draft proposals are intended to form a basis for a Northwest chapter of national restructuring legislation. One proposal recommends legislative approaches to regulation of BPA's transmission by the [Federal Energy Regulatory Commission](#) similar to the way investor-owned utilities are regulated.

The second proposal addresses a contingent emergency cost recovery mechanism in the event BPA is unable to recover its costs. The Transition Board believes the risk of BPA not meeting its costs are small, but the Board recommends a three-step process of cost recovery in case it is needed. The first step would be to use BPA's cash reserves. If the cash reserves are not enough to cover BPA's costs, then step two would be to raise BPA power rates. Step three would be to implement a uniform charge for access to the BPA transmission system. Step three would only be implemented if steps one and two are not enough to cover BPA's costs.

The four members of the Transition Board represent the Northwest governors. The members are John Etchart, Montana; Roy Hemmingway, Oregon; Mike Kriedler, Washington; and Todd Maddock, Idaho. The Board was chosen to review the 1996 recommendations of the Comprehensive Review of the Northwest Energy System and prepare proposals for Congress to consider for legislation.

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### **Environmental groups intend to sue**

On June 17 the [Pacific Environmental Advocacy Center](#), on behalf of eight environmental organizations, served a 60-day notice of intent to file a lawsuit against BPA claiming that the agency's plan to proceed with federal power subscription violates the Endangered Species Act. The group challenges BPA's intention to proceed with its power subscription process. The group asserts that sale of federal power from four lower Snake River dams and John Day Dam violates the ESA by foreclosing an alternative for a decision on long-term federal hydrosystem configuration that is currently scheduled to be made in 1999. The group also claims that BPA's strategy may result in insufficient funding for fish and wildlife after the initial subscription rate period of 2002-2006.

BPA does not sell power from a single resource but from the total system capability of the Federal Base System, and power sold is not directly related to any one resource. BPA is fully committed to fulfilling its obligations to support the Northwest's fish and wildlife mitigation program according to the Northwest Power Act and the Endangered Species Act.

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Judi Johansen was sworn in as BPA's 12th administrator by Judge Ancer Haggerty on June 8.

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## **PUBLIC INVOLVEMENT**

### **Status Reports**

#### **BPA/Lower Valley Transmission Project.**

Idaho and Wyo. — To resolve a voltage stability problem in the Jackson and Afton, Wyo. areas; new 115-kV line proposed on existing right-of-way. A final EIS is available. Call to receive a copy.

#### **Big Eddy-Ostrander Vegetation Management EA.**

Ore. — To control vegetation on two segments of the 500-kV transmission line right-of-way. One segment is from Lolo Pass to near Parkdale. The other segment is east of Parkdale. An EA is being prepared. Call to be added to the mail list.

#### **Bonneville-Hood River Vegetation Management EA.**

Ore. — To control vegetation on the 115-kV transmission line right-of-way between Bonneville Dam and Hood River. An EA is being prepared. Call to be added to the mail list.

#### **Bonneville-Columbia Wind Farm #1.**

Wash. — The final EIS (#2682) is available. Call to receive a copy.

#### **Fourmile Hill Geothermal Development Project EIS (Calpine).**

No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Klamath and Modoc forests. BLM has the lead. BPA is a cooperating agency. A draft EIS summary is available. Call to receive a copy.

#### **Issues 98 Process.**

Regionwide — The opportunity to comment on Issues 98 ended June 26th. Watch this page for future information on this process.

#### **Johnson Creek Artificial Propagation Enhancement.**

Idaho — Development of a native chinook salmon broodstock for rearing of acclimated smolts to preserve and recover the population. An EA is being prepared. Call to be added to the mail list.

#### **Northwest Regional Power Facility.**

Wash. — To construct a combustion turbine near Creston. The final EIS (#2887) and a Supplement Analysis is available. Call to receive a copy.

**Select Area Fisheries Evaluation.**

Ore. and Wash. — Placement of net pens in Clifton Channel, Deep River and Steamboat Slough. A revised FONSI is being prepared. Call to be added to the mail list.

**South Oregon Coast Reinforcement EIS.**

Ore. — To reinforce electrical service to the southern coast of Oregon and provide the necessary transmission for Nucor Corp. to built a new steel mill in the Coos Bay/North Bend area. The BLM, Forest Service and COE are cooperating agencies. A draft EIS is being prepared. Call to be added to the mail list. Scoping period has been extended. See Close of Comment.

**Telephone Flats Geothermal Project EIS (CalEnergy).**

No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Modoc Forest. BLM has the lead and BPA is a cooperating agency. The draft EIS is being prepared. Call to be added to the mail list. See Calendar of Events.

**Vegetation Management Program EIS.**

Regionwide — To develop a vegetation management programwhile maintaining a safe and reliable transmission system.The draft EIS is being prepared. Call to be added to the mail list.

**Yakima River Basin Water Enhancement Project Programmatic EIS.**

Wash. — The Bureau of Reclamation has the lead and BPA is a cooperating agency. The draft programmatic EIS is available. To receive a copy, call 1-800-861-5443. See Close of Comment.

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**Calendar of Events****Telephone Flats Geothemal Project EIS**

- July 6, 4-8 pm, Home Economic Bldg., Tulelake Fairgrounds, Tulelake, CA
- July 7, 4-8 pm, Main Lodge, Mt. Shasta Park, Mt. Shasta, CA
- July 8, 4-8 pm, Miners Inn Convention Center, 122 East Miner Street, Yreka, CA
- July 9, 4-8 pm, Art Bldg., Intermountain Fairgrounds, McArthur, CA

**Yakima River Basin Water Enhancement Project Public Meetings**

- June 2, 1:30-3:30 pm and 7-9 pm, Eagle Seelatsee Auditorium, 404 Fort Road, Toppenish, Wash.
- June 3, 1-3 pm and 7-9 pm, Doubletree Inn, 1507 No. First St., Yakima, Wash.

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**Close of Comment**

July 2 — South Ore. Coast Reinforcement Project .



July 22 — Yakima River Basin Water Enhancement Project. Provide written comments to Robert Black, Bureau of Reclamation, Denver Federal Center, PO Box 25007, Denver, CO 80225-0007

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**Acronyms:**

EA: Environmental Assessment

EIS: Environmental Impact Statement

FONSI: Finding of No Significant Impact

NOI: Notice of Intent

ROD: Record of Decision

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An archive of past *Journals* is available to the public on BPA's external Web site at

<http://www.bpa.gov/Corporate/KC/home/journal/>.

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We welcome all comments from you at Journal-CKC, Bonneville Power Administration, P.O. Box 3621, Portland, OR 97208-3621 or [enballa@bpa.gov](mailto:enballa@bpa.gov).

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**For More Information or To Get Involved:**

The *Journal* is a monthly newsletter of the Bonneville Power Administration for customers and interested publics.

**To order documents or to subscribe to a "hard copy" version of the *Journal*:** call 800-622-4520 or 230-3478 (Portland) or [click here](#).

**For questions/comments, call:** 230-3478 (Portland) or 800-622-4519, or E-mail to [comment@bpa.gov](mailto:comment@bpa.gov). Address comments to: P.O. Box 12999, Portland, OR 97212.

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BPA Public Involvement, Internet, E-mail address: [Comment@BPA.gov](mailto:Comment@BPA.gov)

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The Web page version of the *Journal* is maintained by [BPA Communication Services](#).

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